

95 THESES AGAINST THE RULE OF THE FINANCIAL MARKETS

BANKS TO PLOWSHARES

TOGETHER FOR A NEW SOLIDARITY REFORMATION AGAINST THE RULE OF THE FINANCIAL MARKETS OVER DEMOCRACIES, SOCIETIES, EUROPE, AND GLOBAL CONDITIONS. 95 THESES

TIME FOR A NEW REFORMATION

By Michael Brie, Peter Wahl, Rudolf Hickel, Ulrich Duchrow, Gregor Gysi, Ingrid Mattern and Andre Brie

[These 95 theses published in 2017 are translated from the German on the Internet, www.perestroika.de. The financial crisis or bank crisis was redefined as a state debt crisis. Private risks became public debts. The financial sector should be shriveled and the public sector expanded. The state is not a business or a Schwabian housewife but can become indebted to help the present and future generations.]

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In the style of Luther's theses 500 years ago, 95 theses are formulated today that pillory the excesses of the power of the worldwide financial markets for people and societies.

These theses were supported by many politicians of different parties, by academics, scholars, theologians, and artists. In the center is the present situation where the financial markets rule over our societies, Europe and the world. Concrete alternatives are offered that move social connection, solidarity in the world, ecological reorganization, democracy, and human rights into the center.

For example, Thesis 2 declares: "As the corruptibility of the salvation of believers was a great crisis with the sale of indulgences 500 years ago, the corruptibility of politics and its subordination under the financial markets is a great crisis today."

Thesis 7 quotes Pope Francis: "This economy kills."

Thesis 5 formulates: "Stable and functioning financial markets are a public asset."...

The authors are convinced these changes must be brought about by the whole society. Their theses end: "94. Such a Reformation of society can only be achieved by self-confident and personally responsible persons." "95. The reform blockades in the political and social system can only be overcome through citizen engagement and pressure from society."

TIME FOR A NEW REFORMATION

1. What began in Luther's times has reached a new critical stage today: the monopoly of money. Democracy is in danger. Inner and outer peace is threatened. The social cohesion is disturbed. The

hegemony of a neoliberal mainstream orients politics worldwide in the financial markets and the interests of the top 1% of the population. The 8 richest men of the earth have as much as the 3.6 billion of the poorer half of humanity. A reformation or reversal is necessary.

2. If the corruptibility of the salvation of believers was in a great crisis 500 years ago through the sale of indulgences, the great crisis today is the subordination of politics under the financial markets. You cannot serve both God and mammon; it was said at the time of Jesus and 500 years ago. The question of our time is democracy or finance market capitalism.

3. Sustained underdevelopment, 800 million people starving, hundreds of thousands of deaths in wars, millions of refugees and internal expellees and dramatic climate change are disastrously connected. Exorbitant riches and luxury is its backside. That the EU Commission changed the financial market guideline of the parliament to stop excessive speculation with food by making it practically ineffective can only be a shock. The austerity policy carried out by the European Central Bank, the IMF, Angela Merkel, and Wolfgang Schauble has led to the dramatic increase of youth unemployment and poverty in southern states of the European Union.

4. If the usury system, as well as the system of colonialism's ethnic destruction and the slave trade, were financed with the indulgence trade of the global empires of Karl V and Pope Leo X, global finance market capitalism and its accumulation of wealth claims must be financed today from the global gross domestic product.

5. The US economist Michael Hudson rightly summarizes one percent of the population with its financial assets and other wealth keeps "the remaining 99%, businesses and whole states in permanent indebtedness." This makes impossible a democratic policy of solidarity, preservation of nature and peace.

6. The system of global capitalism arose 500 years ago. We must apply the reins again today. The crisis since 2008 is another warning shot.

7. This system is socially-destructive and devastating to nature. Pope Francis argues: "As the commandment "Thou shall not kill" sets a clear limit to protect human life, we must say "No to an economy and disparity of incomes. This economy kills."

8. The financial system is out of control. Its crash causes more than disastrous damages in the financial system. It also drags the real economy, ecology, development of the South and peace to the abyss.

9. The huge debt mountains grew uninterruptedly. In 2005 they reached the global record of \$152 trillion. This was 225% of the global gross domestic product. Public debts represent a third of this. Solidarity development is sacrificed to debt service.

10. Developing countries are threatened, not only the crisis countries of the eurozone. Annual state loans to low-income countries rose between 2009 and 2014 from \$2 billion to \$18 billion.

11. The debt trap and state bankruptcy threaten many countries of the South.

12. The poor pay for the enrichment of the rich. The crisis has aggravated social problems.

13. Growing inequality has several causes but the dynamic of the financial markets was the strongest driver of social polarization - long before the crisis.

14. Privatization of vital necessities - pensions and health care - offers financial capital new and very attractive possibilities - at the expense of the security of these systems and the people who depend on them.

15. An end of the tunnel is not in sight. More and more economists warn of the consequences of a neoliberal financial- and economic policy that promotes further crises.

FINANCE CAPITALISM GAINS HEGEMONY

16. The political decisions of governments stood at the beginning. They gave control over the most important economic decisions to the financial markets.

17. The financial sector grew in absurd orders of magnitude. Currency transactions rose 30-fold between 1980 and 2007. In the crisis year 2008, the volume of credit derivatives was ten times greater than the gross domestic product (GDP) of all states of the earth. The holdings in derivatives of Deutsche Bank amounted to 46 trillion euros in 2016 – more than fifteen times the German GDP.

18. The dynamic of the financial markets became the motor of globalization in which the weights massively shifted to the market to the disadvantage of democracy.

19. The financial markets evade the regulatory grasp of nation-states. From their role as providers for the real economy and society, they appoint themselves their masters.

20. The profit interests of finance capital were transfigured to practical necessities without alternatives.

21. The socially and democratically constrained capitalism of the postwar era was sacrificed on the altar of the financial markets.

22. Globalization of the financial markets leads to the erosion of democracy. "Governments must adjust according to the desires of investors. Investors no longer need to adjust to the investment possibilities granted by their governments." The former head of Deutsche Bank, Rolf-Ernst Brever, full of pride, wrote this in 2000.

23. Market-conforming democracy existed long before the German chancellor made it known.

24. A monster has grown over three decades. Some speak of financialization, others of casinos and still others of finance capitalism. However it is described, we are confronted with a new and extremely dangerous type of financial system.
25. From the start, the history of crisis management was a history of half-measures, cul-de-sacs, and ineffectiveness.
26. Initially, politics seemed to have learned something under the shock of the crisis. "A boundless capitalism that we witnessed with all its greed devours itself at the end," former finance minister Peer Steinbrueck said. The G20 summit of London and Pittsburg 2009 seemed on the right way when they announced they would keep a tighter rein on the unfettered financial markets.
27. Then the governments bailed out the banks with gigantic sums of tax funds. The rich were protected.
28. As a result, a state debt crisis arose out of the financial market crisis. Public debts shot up. This was the socialization of private losses to a dramatic extent.
29. The population of Europe's crisis countries had to pay the price in the form of the austerity policy of conservative governments.
30. Democracy was undermined in the course of crisis management and European nationalism encouraged.
31. For years, conservative governments in Europe – and the German chancellor and her finance minister who use the dictates of austerity like a mantra – were the driving forces behind the socially- and economically-destructive austerity policy.
32. A big bang or explosion has not occurred only because of the low-interest policy of the European Central Bank and the relief packages of the International Monetary Fund.

33. The European Central Bank cannot buy more than time. The longer this continues, the European Central Bank takes the position of a fire department that lacks the water for firefighting.

34. Therefore strengthening the savings banks and cooperative banks is more important than ever. These are under pressure in the current situation.

35. The privatization of vitally necessary services preached for years now takes its toll. Under zero-interest conditions, private old-age, life- and health insurances cannot amass the necessary minimum profits. That old-age provision systems were partly converted into capital-covered systems gets its revenge here.

36. The European Central Bank prints cheap money without the European Union providing a sensible investment strategy so the favorable interests trickle away without economic purpose and understanding.

37. Yes, there were reforms.

38. The capital-holding requirements were intensified. In the US, steps were taken to separating traditional business and investment banking. Profiteering with the so-called over-the-counter trade should become more transparent through clearinghouses. Short-selling or speculating on falling prices was restricted.

39. Small corrections occurred in monitoring banks, rating agencies, hedge funds, investor protections and very risky products like credit-default swaps.

40. In the meantime, the reform dynamic is paralyzed. In the EU, a rollback started under the Juncker Commission. Deregulation is sought again with the project of a capital market union. In the US, President Trump is canceling the bank reforms.

41. Drying up offshore centers and tax havens has hardly made any progress as the Luxemburg Leaks and the Panama Papers showed.

42. Financial concentration has also increased. The mammoth banks now move even larger sums than before the crisis. In the shadow-bank sector, individual gamblers like the Blackrock pension fund become ever larger and more powerful.

43. The reforms always make the casino somewhat more secure – for the gamblers. "Only closing the big casinos will lead to a long-term solution," UNCTAD explained.

44. The problem-solving capacity of politics seems overtaxed. Location-egoism, nationalism, competitive behavior and screening increase. Multilateralism is mired in crisis. Global governance does not seem to function anymore. Everybody acts on his or her account.

45. Unfortunately, the chances of organizing global trade fairly have fallen in the times of Trump. This president sets national interests in the center of his actions.

46. The financial sector, once the avant-garde of globalization, increasingly has characteristics of a selective de-globalization. The chances of organizing the financial system as a global public asset diminish.

47. The problem-solving deficits are clearer in the European Union (EU). What sounds so realistic and indigenous, Angela Merkel's "traveling on a long-term basis," amounts to repressing problems.

48. The EU heads of government and the commission in their present composition are no longer capable of a liberating blow. Muddling through is the only strategy. As long as the EU preserves the barge from completely sinking with its credit of zero-interest and quantitative easing, people live in the illusion that nothing will happen. However, the situation intensifies from year to year.

49. The financial markets fuel global warming. Hundreds of billions of euros still flow annually into fossil fuels instead of renewable energy and the ecological modernization of our economy.

BRINGING THE FINANCIAL SYSTEM UNDER DEMOCRATIC CONTROL. PRINCIPLES OF REFORM

50. A substantial reform of the financial system is a central component for defending the democratic organization of society and another economic policy today. But such a project will only have a lasting effect if it tackles problems at the root.
51. Stable and functioning financial markets are a public asset...
52. The financial system should serve the real economy and society.
53. Financial markets must be competent for financing ecological reorganization, a solidarity development policy, a social perspective of the European Union and the social modernization of society.
54. Democratic politics should again have control over markets and actors.
55. The casino enterprise useless in the political economy should be ended.
56. The financial markets must be shriveled so they are useful for the real economy.
57. The whole system must be de-accelerated.
58. The complexity of the system must be reduced.
59. The public banking system must be strengthened and redeveloped through privileges over the private sector. This should have priority over the EU privatization law.

60. Instead of geopolitically-motivated trade wars, we need a culture of cooperation and consideration in organizing the world economy.

IN ADDITION, THE FOLLOWING KEY REFORMS ARE DESIRABLE:

61. Far stricter rules are necessary for shadow banks.

62. In the crisis, we want to make mammoth and complex banks slightly more comprehensible. Banks should at least separate their deposit business and their trading business, provide them with capital and direct them independently under one roof.

63. Effective limits should be set to hedge funds, private equity funds, and other speculations.

64. Derivatives need a safety test by the financial monitor. The burden of proof lies with the issuers of the products.

65. Electronic Central Bank money should be introduced for monetary transactions. That would be a firewall for this financial system if financial crises can still occur. In the digital age, this system is largely automated and has a trifling cost.

66. Offshore centers and tax havens should be dried up. Unilateral measures like levying punitive taxes are possible if an international agreement is impossible.

67. High-speed trading should be slowed down. This would eliminate the systemic risks of high-speed trading and would remove the competition distortion that it generates.

68. A simple and severe debt brake should be prescribed to the banks.

69. Capital transaction controls are legitimate instruments of capital market regulation. Their application in case of crisis has priority over the freedom of capital transactions.

70. Pensions, health care, and other vitally necessary services should be organized as public functions.

71. Rating agencies receive result-dependent bonuses from public sources. In the past, the rated paid for the rating irrespective of the rating's accuracy. The pro-cyclical effect of ratings must be prevented. Social and ecological criteria must be integrated into the rating.

72. The monitoring should be outfitted with greater resources - financially, legally, technically and in personnel.

A NEW REFORMATION AND ANOTHER WORLD ARE POSSIBLE

The financial markets and the accumulated wealth lying fallow and counter-productive for society and its cohesion could be mobilized through these changes for solving the great global, European and social challenges.

73. The goal is lasting prosperity and quality of life through developing the infrastructure for education, health care, nursing and local public transportation as essentials of a good life for each and every one.

74. The poor are the treasure of the church, Luther quoted in his theses. So the treasure of a good society is the degree of justice that it offers to everyone.

75. A just policy is measured by its securing access to the goods of a free life for everyone, particularly the socially weakest among us.

76. After decades, the redistribution from bottom to top, from production and nature to financial markets, from women to men and from South to North must be reversed.

77. The comprehensive privatization of social riches must give way to socialization in favor of investments in social cohesion, essential insurance of the poorest as well as ecological reorganization through the just fiscal mobilization of mammoth riches, higher incomes and wealth. Weaker countries must be supported by debt relief.

78. A just, socially- and economically productive inheritance- and property tax is still in the future for Germany.

79. A solidarity economy and a solidarity life must be promoted based on solidarity financing.

80. If we do not want people to flee, the causes of flight must be dismantled and wars, misery, poverty and ecological decline overcome. This includes resistance against anti-Semitism, racism, and hostility to foreigners.

81. Enforcing the prohibition on armament exports to crisis regions and dictatorships along with global disarmament contribute to more security and limiting threatening wars. This also could release financial and political resources for people in the South.

82. A global Marshall Plan with development-friendly changes of the world economic structures in favor of fair trade, investments in combating poverty and ecological reorganization among us and in the South is necessary. The South is dramatically impacted by climate change.

83. The austerity policy in the EU rushed through by Angela Merkel and Wolfgang Schauble must be ended.

84. Instead of austerity, the EU needs a comprehensive investment initiative for the transition to renewable energy, sustainable inclusive systems of housing, transportation, education, culture, health care, and nursing.

85. The German export surplus that is destructive for many other European states and European integration can be redirected through

greater domestic investments. Simultaneously German budget surpluses could be used for establishing a European investment fund.

86. For a long while, critics warned economic and social dislocations could lead sooner or later to political catastrophes. Alain Badiou warned of "democratic fascism." The 1929 world economic crisis was one of the causes of the rise of fascism.

87. The spirit of neoliberalism that came along as a practical necessity of a globalized economic order has produced economic insecurity and fear of falling. The effect of austerity policy was felt on top.

88. Uncoupled, degraded, embittered and furious, part of humankind now turn to the rightwing that promises them security, respect, and participation. They succumb to the illusion nationalism and hostility to foreigners could solve their problems.

89. The further rise of the populist rightwing can be stopped by a different economic-, social- and peace policy.

90. As Luther encouraged believers in his 94th and 95th theses, people in Germany, Europe, and the world need realistic confidence that the concentrated and hard challenges for their social situations, wars, distress, and climate change can be solved.

91. Without hope, Solomon said, people become wild, dissolute and rude. People who only wait for solutions from the top or outside will not find solutions.

92. There they will only find the hegemony of the financial markets and their interests.

93. The supremacy of democracy and human rights are at stake, the inviolability of the dignity of every person through solidarity actions against the financial markets.

94. This reformation of society cannot be attained without a self-confident and personally responsible people.

95. The reform blockade in the political and social system can only be broken through pressure from society and civil society engagement.

Here we stand. We are for another world and cannot turn back.